

Message Text

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ACTION EB-07

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FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC PRIORITY 2261

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE RIO DE JANEIRO 0772

E.O. 11652: N/A

TAGS: EAIR, BR

SUBJECT: PAN AM REQUEST FOR CHANGE OF GAUGE

REF: STATE 049614

1. BRIGADEIRO EDIVIO CALDAS SANTOS OF CERNAI PHONED CONGEN OFFICER THURSDAY, MARCH 6, TO REPORT THAT HE HAD HELD EXTENSIVE DISCUSSION WITH BRIGADEIRO DEOCLECIO LIMA DE SIQUEIRA, DIRECTOR GENERAL OF DAC, CONCERNING REF SUBJECT. CALDAS SANTOS STATED THAT BRIGADEIRO LIMA DE SIQUEIRA WILL MEET WITH AIR MINISTER IN BRASILIA EARLY NEXT WEEK AND WILL PROPOSE THE VARIG BE PROHIBITED FROM NATIONALIZING ITS INTERNATIONAL PASSENGERS AT CONGONHAS AIRPORT. UNDER THIS PROPOSAL, PASSENGERS ARRIVING FROM U.S. WOULD CLEAR CUSTOMS AND IMMIGRATIONS PROCEDURES AT RIO'S GALEAO AIRPORT AND THEN PROCEED VIA DOMESTIC FLIGHTS FOR REMAINING PORTION OF THEIR TRIPS. CALDAS SANTOS CLEARLY IMPLIED THAT AIR MINISTER WILL ACCEPT THIS PROPOSAL, WHICH IS VIEWED AS TEMPORARY SOLUTION PENDING PREPARATION OF VIRACOPOS TO RECEIVE ALL INTERNATIONAL FLIGHTS CURRENTLY OPERATING OUT OF CONGONHAS. CALDAS SANTOS EXPRESSED BELIEF THAT IMPLEMENTATION THIS MEASURE WOULD ELIMINATE COMPLAINT OF UNFAIR COMPETITION.

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2. CALDAS SANTOS RECOMMENDED THAT EMBASSY BRASILIA PROCEED TO PRESENT DIPLOMATIC NOTE AS PREVIOUSLY SUGGESTED. ALTHOUGH HE ASSERTED THAT BRIGADEIRO LIMA DE SIQUEIRA'S RECOMMENDATION TO AIR MINISTER WILL PRESUMABLY RESOLVE QUESTION OF UNFAIR COMPETITION, CALDAS SANTOS FELT BILATERAL DISCUSSIONS MAY STILL BE USEFUL AS A MEANS OF CLARIFYING CHANGE OF GAUGE PROVISION OF BILATERAL.

3. BRIGADEIRO CALDAS SANTOS STATED THAT HE HAD DISCUSSED PROPOSAL CONTAINED PARA 1 ABOVE WITH VARIG, HE INDICATED, BUT DID NOT SPECIFICALLY SAY, THAT VARIG CONCURS IN THIS PROCEDURE. CALDAS SANTOS THEN OPINED THAT VARIG AND PAN AM SHOULD RESUME THEIR CAPACITY DISCUSSIONS. HE EXPRESSED HOPE THAT COMPANIES WOULD ARRIVE AT SATISFACTORY AGREEMENT ON THIS ISSUE SINCE, HE BELIEVES, CAPACITY OFFERED ON NEW YORK-BRAZIL ROUTE IS EXCESSIVE.

4. COMMENT: BRIGADEIRO CALDAS SANTOS EXPRESSED CONSIDERABLE RELIEF AND PLEASURE IN DESCRIBING PROPOSAL DISCUSSED PARA 1 ABOVE. HE EVIDENTLY IS CONVINCED THAT THIS PROPOSAL WILL RESOLVE PAN AM'S REQUEST FOR EQUAL COMPETITIVE CONDITIONS. HIS REMARKS SUGGEST THAT GOB AND VARIG HAVE CONCLUDED THAT FORMAL BILATERAL DISCUSSIONS, WHICH WERE EXPECTED TO BE LENGTHY AND INCONCLUSIVE, WOULD NOT BE IN THEIR BEST INTERESTS. APPARENTLY THEY WOULD PREFER RAPID ALTERNATIVE SOLUTION THAT SATISFIES PAN AM'S MAJOR COMPLAINT, VARIG'S INTERESTS, AND GOB CONCERN ABOUT CONGONHAS CONGESTION. USG INTEREST UNDOUBTEDLY ENCOURAGING GOB SEARCH FOR PROMPT, UNCOMPLICATED SOLUTION. APPARENTLY, HOWEVER, GOB DESIRE THAT SUSPENDED VARIG-PAN AM CAPACITY DISCUSSIONS BE RESUMED WAS PRINCIPAL STIMULUS FOR FORMULATION OF PROPOSAL OUTLINED ABOVE. GOB AND VARIG SEEMINGLY ARE CONVINCED THAT STEPS MUST BE TAKEN TO REDUCE NEW YORK-BRAZIL CAPACITY.
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